

To: Bicky Corman/DC/USEPA/US@EPA[]
From: "Morning Energy" <morningenergy@politico.com>
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Subject: POLITICO's Morning Energy, powered by America's Natural Gas Alliance: Algeria attack won't spike U.S. natural gas prices - Salazar exit leaves plenty of questions - McAuliffe nabs energy, enviro money - DOE contracts cleanup at Paducah - New BPA chief
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By Alex Guillén

With help from Darius Dixon and Erica Martinson

ALGERIA ATTACK WON'T SPIKE PRICES: A rare attack on an Algerian natural gas installation won't have a direct impact on U.S. energy prices, but it could raise the specter that attacks may spread across Africa and the Middle East. Algeria, a member of OPEC, supplies about a quarter of Europe's natural gas imports and produces about 1.3 million barrels of oil per day, much of which is shipped to the United States. But none of that gas comes to the U.S., so supplies here won't be affected, and so far there has been no sign that oil supplies in Algeria or other key African producers are under threat - for now. Matt Daily and your morning host have more: <http://politico.pro/WJMfjR>

THE BIG QUESTION: "I think people are starting to ask the bigger question - are overseas-producing assets at risk? Are joint venture concessions at risk? That's a question that's been asked a lot since 2001," Kevin Book of ClearView Energy Partners told ME. He added: "These nonstate-actor kinds of events have sort of fallen out of the public focus. Yes, there's been Somali pirates who've been kidnapping tankers, but the world oil balance isn't so tight that a single tanker here or there is an issue. It's when it becomes a trend, bolstered not just by actual attacks or assaults on infrastructure, but producers' fear an assault on infrastructure."

THE BIG PICTURE: The New York Times breaks down the geopolitics of the situation. "Defense Secretary Leon Panetta called the gas-field attack a terrorist act and said the United States was weighing a response. His statement suggested that the Obama administration could be drawn into a military

entanglement in North Africa that it had been seeking to keep at arm's length - even as it has conceded that the region has become a new haven for extremists affiliated with Al Qaeda who threaten Western security and vital interests." <http://nyti.ms/ZYJMUX>

THE QUESTIONS SALAZAR LEAVES: Interior Secretary Ken Salazar's departure leaves plenty of open-ended questions on the future of his department and the activities it oversees. Topping the list: The fate of major rules for fracking on public lands, set to be finalized sometime this year (and just maybe before Salazar leaves by the end of March). A draft rule from last year required approval to frack a well but not disclosure of chemicals used in the process; finalization of that rule was pushed back to give Interior more time to absorb public comments. Other questions: What will Interior do about Arctic drilling, something Salazar said last week he never felt fully comfortable with? Will large-scale solar and wind projects continue to show interest in developing public lands? Will offshore wind get moving?

TELL ME WHAT YOU REALLY THINK: A couple of Republicans didn't pull their punches in saying au revoir to Salazar yesterday. "Secretary Salazar was not a friend to my home state of Utah or other public lands states for that matter," Rep. Rob Bishop said. But, he added, "While Secretary Salazar does bear some of the blame for the administration's particularly abysmal first four years, it is not entirely his fault. The fact that certain forms of energy were prioritized and favored and new land designations catered to certain types of users can be blamed on the fact that this administration is beholden to radical special interest groups." Sen. David Vitter (R-La.) also showed his displeasure: "I wish Ken Salazar, a Senate classmate, all the best. But I honestly won't miss him as Interior secretary."

HAPPY THURSDAY and welcome to Morning Energy, where we'd like to suggest the next Interior secretary style her- or himself with a cravat and Panama hat. Send your energy news to aguillen@politico.com, and follow on Twitter [@alexcguillen](https://twitter.com/alexcguillen), [@POLITICOPRO](https://twitter.com/POLITICOPRO) and [@Morning_Energy](https://twitter.com/Morning_Energy).

MCAULIFFE LANDS ENERGY, ENVIRO CONTRIBUTIONS FOR GOVERNOR CAMPAIGN: Yesterday ME wrote about energy-related contributions to Republican Ken Cuccinelli's gubernatorial campaign in Virginia included in year-end disclosure filings. As it turns out, Democrat Terry McAuliffe appears to have reeled in more from energy and environmental contributors than Cuccinelli - at least \$71,000 worth, according to ME's review of McAuliffe's disclosure. Much of that is from a \$50,000 contribution from Shaw Environmental, a unit of the Fortune 500 company Shaw Group. Other large donations include \$10,000 from Apex Wind Energy CEO Stanislav Reisky de Dubnic; \$5,000 from Ankit Desai, a vice president at Cheniere Energy; and \$1,000 from AES Solar CEO Robert Hemphill.

Notable: Dave McCurdy, CEO of the American Gas Association, gave McAuliffe \$250 (McCurdy also gave to Tim Kaine's Senate campaign last year); Susan Carter, senior director of federal relations for ExxonMobil, gave \$500; Glen Besa, director of Sierra Club's Virginia chapter, gave \$200; Old Dominion Electric Cooperative CEO Jackson Reasor gave \$500.

Also: Three executives from GreenTech Automotive, the firm founded and chaired by McAuliffe, contributed to his campaign: \$500 from CEO Xiaolin Wang, \$250 from Executive Vice President for Finance Gary Tang and \$100 from general counsel Nathan Howard.

**** A message from America's Natural Gas Alliance:** The safe and responsible development of natural gas supports more than 2.8 million jobs across the country. Curious what the economic benefit is for your state? Find out by using our interactive U.S. map at www.anga.us/map. ******

PACKIN' UP PADUCAH: The Energy Department announced a three-year \$22.5 million contract yesterday with Professional Project Services Inc. for environmental clean-up services at the Paducah uranium enrichment plant in Kentucky. A complicated agreement last year between DOE and several partners allowed the plant to stay in USEC's hands until this May. PPS's contract to do radioactive decontamination, decommission and regulatory compliance work starts Feb. 1 and can receive up to two one-year extensions. The (brief) announcement: <http://1.usa.gov/13EFJko>

VITTER, INHOFE QUESTION EPA PAVILLION REPORT: Senate Environment and Public Works ranking member David Vitter (R-La.) and Sen. Jim Inhofe (R-Okla.) plan to send a letter to EPA Administrator Lisa Jackson today questioning the agency's draft report investigating ground water contamination near Pavillion, Wyo. The senators say that EPA's decision Jan. 11 to again extend the comment period - this time for eight months - shows that the initial report was hastily crafted with political, rather than scientific, purposes in mind. Vitter and Inhofe plan to ask EPA to justify the scientific validity of the final result and explain how it may be used to inform new regulations on hydraulic fracturing.

THE 'PROMISED LAND' EFFECT? There's been a spike in the percentage of New Yorkers who oppose allowing fracking in the Empire State since December and polls throughout much of last year, according to a poll out today from Siena College. Forty-four

percent now oppose the practice, up from 36 percent from a poll conducted in early December. The number approving fracking, 40 percent, is down slightly from 42 percent (within the margin of error).

PEW LAYS OUT POLICIES TO BOOST U.S. CLEAN ENERGY: Technological advances have poised clean energy for a global boom, though the U.S. could lag behind without action, Pew writes in a report out today. "On a variety of key measures - from innovation to manufacturing to deployment - the United States is struggling to maintain a position of leadership in the global economic and technological race," the report says. "Policies that encourage the deployment, innovation, manufacturing and trade of clean energy technologies will help bolster the competitive prospects of American industry." The report: <http://bit.ly/Uv2NOs>. Pew will host a webinar today at 11 a.m.: <http://bit.ly/W58IP2>

WELL THAT WAS FAST: Newly minted Washington Gov. Jay Inslee's first official act was to write a letter to a clean energy company asking it to move to the Evergreen State. Text, via Inslee's Flickr: "I took the oath of office 45 minutes ago and my first act as governor is to write you to invite you to join us in Washington in building a new energy economy. I look forward to shaking your hand." Pic: <http://bit.ly/ZZbbpS>

FERC IT LIKE A POLAROID PICTURE: FERC's monthly meeting today is short on rulemakings, but the agency will decide on a policy statement (<http://1.usa.gov/OuTWJY>) attempting to remove hurdles in transmission investment by granting developers more power in negotiating the terms of new electric lines with potential customers. FERC will also issue a rule on how it will calculate annual fees levied on hydropower projects using federal land. The proposal (<http://1.usa.gov/YaaUVk>) for the rule suggested bringing the commission's pricing practices more in line with BLM's methodology. 10 a.m. at FERC HQ, 888 First St. NE. Live webcast: <http://1.usa.gov/y00BJo>

NERC, FERC SETTLE ON AUDIT: FERC's enforcement office has reached a settlement with the reliability organization NERC over the group's 2012 performance audit. The FERC audit, which covered NERC records between August 2006 and March 14, 2012, reported 42 recommendations in 11 different areas, including unbudgeted expenses and tracking employee time. NERC contested all of the recommendations soon after the report came out last spring. Yesterday's settlement resolves all of the remaining contested recommendations and sets up a procedure for confirming progress on implementing the audit's recommendations. There is no monetary component to the settlement: <http://1.usa.gov/V8FaPC>

HEALTH GROUPS PUSH VEHICLES EMISSIONS STANDARDS: President Barack Obama should "adopt lower sulfur gasoline and cleaner vehicle emissions standards no later than Dec. 31, 2013," public health groups wrote to the president yesterday. "These stronger public health protections will significantly reduce toxic air pollution from the U.S. passenger vehicle fleet and are urgently needed." Read: <http://bit.ly/10zXVxT>

CHU, ZICHAL APPEAR TODAY AT MAYORS CONFERENCE: Several administration officials are showing up for the opening day of the U.S. Conference of Mayors' three-day meeting. Making appearances: Energy Secretary Steven Chu, White House climate adviser Heather Zichal, Vice President Joe Biden and Agriculture Secretary Tom Vilsack. Chu will address the USMC's energy committee, along with Philadelphia Mayor Michael Nutter, New Bedford, Mass., Mayor Jon Mitchell and Zia Eftekhari of Philips Lighting. Zichal is stopping by a meeting of the group's Energy Independence and Climate Protection Task Force. The day starts at 9 a.m. at the Capital Hilton. Agenda: <http://bit.ly/Y9S2Gf>

AL GORE WEIGHS IN on last week's news that the New York Times is disbanding its environment desk and moving the reporters elsewhere: "While I am sad to see this dedicated desk come to an end, I hope that its tremendous reporters can, as the newspaper's leadership promised, continue their crucial work and can help influence the general newsroom by incorporating important environmental perspectives throughout the paper," the former VP wrote on his blog: <http://bit.ly/W1feDs>

NEW BPA CHIEF: The Bonneville Power Administration, which is overseen by DOE, has picked up Bill Drummond as its new administrator following the retirement of current chief Steve Wright. Drummond has been BPA's deputy administrator since October 2011, and before that managed the Western Montana Electric Generating and Transmission Cooperative in Missoula, Mont., for 17 years. BPA sells electricity generated by hydroelectric dams and operates the surrounding grid.

QUICK HITS

- A California electronics dealer is selling individual Solyndra tubes for \$9.50 apiece. San Francisco Chronicle: <http://bit.ly/VoKOdG>

- Alaska Gov. Sean Parnell's oil tax proposal would 'have an immediate negative fiscal impact of \$900 million next year,' the AP reports: <http://bit.ly/WJLUxD>

- Wind manufacturer Vestas will hire at least 100 people at its Pueblo, Colo., facility after inking a deal to provide towers for third-party wind farms in North America. Denver Business Journal: <http://bit.ly/11A9Z1b>

- The Seattle Times takes a closer look at lithium-ion batteries: <http://bit.ly/S6kdCl>

- Henry David Thoreau's flower journal is giving new data to climate scientists. New York Times: <http://nyti.ms/ZYQeLO>

THAT'S ALL FOR ME. Have a great day.

** A message from America's Natural Gas Alliance: We believe in a clean energy future. Natural gas is a cleaner energy choice and a key partner to solar and wind technologies. From California to Florida, natural gas facilities are working with renewable energy to ensure steady, affordable and cleaner energy choices for communities across our nation. Because it is an abundant and affordable energy source available right here in America, natural gas can help make the promise of cleaner energy a reality in more American communities. Natural gas is smarter power today. Visit anga.us to learn more. **

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